

CITY AUDITOR'S OFFICE



AUDIT OF PARKING ENFORCEMENT AND COLLECTIONS

Report No. CLV 1401-0001-02

October 6, 2000

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CITY AUDITOR

October 6, 2000

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City of Las Vegas Audit Committee

Subject: CLV 1401-0001-02 - Audit of Parking Enforcement and
Collections

Attached please find the report mentioned above. Management comments
are included in the report.

Sincerely,

Radford K. Snelding, CPA, CIA, CFE
City Auditor

**EXECUTIVE SUMMARY
AUDIT OF PARKING ENFORCEMENT
AND COLLECTIONS
REPORT CLV 1401-0001-02**

The purpose of the executive summary is to convey in capsule form the significant issues of the audit report. The executive summary is a vehicle for reviewing the report and should be used in conjunction with the entire report.

INTRODUCTION

The City Auditor's Office conducted an operational audit of the City's Parking Enforcement Division and the Parking Collections Unit. The audit was conducted to determine the adequacy of internal and system controls and the effectiveness of current practices of these divisions.

OVERVIEW OF SIGNIFICANT ISSUES

We believe the City's Parking Enforcement Division and the Parking Collections Unit are generally performing their duties and responsibilities adequately and effectively.

Our audit did, however, identify areas that management should review to further improve efficiency and internal controls over operations. Our report includes the following issues:

- ? The need for increased and improved efforts in collecting the \$8.6 million in outstanding parking fines and penalties accumulated over the past five years (see Finding 1).
- ? The inefficient and fiscally unsound practice of dismissing parking citations issued to court and work card office patrons (see Finding 2).
- ? The need for elimination of the 50% fine reduction program and proper distribution of the \$680,000 in overpayments made by the public (see Finding 3).
- ? The absence of the reconciliation of meter coin deposit amounts recorded by the bank to actual coins collected from the meters and the inefficient use of an enforcement officer for meter coin collections (see Findings 4 and 5).
- ? The limitations of the current parking system and the lack of adequate system access and change controls (see Findings 6 and 7).
- ? The need for improved security measures at the Parking Office (see Finding 8).
- ? The need for a long-term strategic plan for parking in the City and improved coordination and communication on parking issues between City departments (see Finding 9).

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OBJECTIVES

We have completed an audit of the City's Parking Enforcement Division and Parking Collections Unit. This audit was part of the City Auditor's Office annual audit plan. Our audit objectives included the following:

- ? Ascertain whether the control environment was conducive to efficient and effective operations.
- ? Evaluate the effectiveness of established policies and practices.
- ? Identify processes or procedures that could be improved to operate more efficiently and effectively.

SCOPE AND METHODOLOGY

Our audit was performed in accordance with applicable generally accepted governmental auditing standards. The scope of the study of internal control was limited to assessing the general controls surrounding the specific issues addressed. General audit procedures included:

- ? Interviewing personnel.
- ? Observing operations and ongoing activities.
- ? Reviewing records, reports, and other applicable documentation.

BACKGROUND

Organization

The functions of parking enforcement and parking fine collections for the City of Las Vegas are overseen by two different City divisions.

The Parking Enforcement Division of the Department of Detention and Enforcement (Parking Enforcement) oversees parking enforcement (including issuance of citations), collections of coins from the parking meters, and maintenance of parking meters. Parking Enforcement staff include a supervisor, 18 parking enforcement officers, a maintenance technician, and an office specialist.



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The Parking Collections Unit of the Office of Business Development oversees parking citation fine and penalty collections and parking hearings. The Parking Collections Unit staff include a supervisor, four clerks, and a collections officer. In addition, two contracted private attorneys serve as hearing officers for the Parking Collections Unit.

<AUDITOR'S NOTE: > Oversight of the Parking Collections Unit was transferred to the City's Treasury Division of the Department of Finance and Business Services on July 24, 2000.



The City currently has approximately 1400 parking meters that are primarily in the downtown area. The City recently converted all of its mechanical meters to new digital meters. The new meters give users the option of paying for meter time using "cash keys" rather than coins.

Parking enforcement officers use hand-held data terminals to issue citations. Manual parking citations are issued by Metro police officers, deputy marshals, fire inspectors, and volunteer handicap space monitors. During 1999, approximately 138,000 parking citations were issued in the City with a fine value of over \$3.7 million. Approximately 91,000 or two-thirds of these citations were overtime meter violation citations.



Parking fines can be paid through the mail or in-person at the Parking Citations and Hearings Office located across the street from City Hall. During 1999, the City collected over \$2.7 million in parking fines and penalties. Those individuals wishing to contest a citation can schedule a hearing with a hearing officer through the Parking Collections Unit. Unpaid parking citation information is sent to the Nevada Department of Motor Vehicles (DMV). Vehicles with outstanding parking citations cannot be re-registered until all unpaid fines are paid in full.

Recent notable improvements the City has made to parking, parking enforcement, and parking fine collections are as follows:

- ? Approximately 1,400 mechanical meters were replaced with digital meters that require less maintenance.
- ? Meter coins are now deposited directly at a bank branch rather than being delivered to the Treasurer's Office for pick up by security guards.
- ? Upgraded hand-held parking citation issuing devices and related software were purchased.
- ? A database of issued parking permits was created for improved monitoring.
- ? Increased and more formal training is being given to parking enforcement officers.
- ? The Parking Enforcement division implemented a bike patrol program.

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CONCLUSIONS/FINDINGS/RECOMMENDATIONS

The City Auditor's Office appreciates the courtesy and cooperation extended to us by City employees during the audit. Generally, we believe that internal controls are adequate and that the Parking Enforcement Division and the Parking Collections Unit are operating effectively. We did, however, identify actions management should consider that could improve procedural and process efficiency. These issues are summarized in the following sections. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

1. Delinquent Parking Citation Collections

Criteria: Successful collection of delinquent accounts requires a formalized strategy and methodology and focused efforts by collections personnel. Additionally, delinquent accounts must be identified and collection efforts begun in a timely manner.

Condition: Over the past five years, the City has accumulated over \$8.6 million in outstanding parking fines and penalties. The composition of this outstanding balance is illustrated in the following chart:

Summary of Outstanding Parking Fines and Penalties

Year Fine and Penalty Assessed	Outstanding Balance
1999	\$2,295,000
1998	\$1,615,000
1997	\$1,696,000
1996	\$1,496,000
1995	\$1,587,000
Total	\$8,689,000

Approximately 73% of this outstanding balance relates to parking citations issued to vehicles with Nevada license plates, while the remaining 27% relates to parking citations issued to vehicles with out-of-state license plates.

The following factors have contributed to the increasing outstanding parking fines and penalties balance:

- 2 The Parking Collections Unit has a single parking collections officer that oversees collections on delinquent parking citation fines and penalties. In addition to his collection responsibilities, the collections officer has many daily administrative duties that often take priority over collections.

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- ? The Parking Collections Unit does not have a formalized parking collection strategy or methodology.
- ? The Parking Collections Unit does not use an automated case tracking system in its collection efforts.
- ? Due to current City ordinance limitations, parking enforcement officers are not able to routinely “crack down” on individuals with multiple outstanding parking fines and penalties through measures such as the immobilization of vehicles through the use of auto boots.

Effect:

- ? Revenues that could be used to enhance City programs are not being collected.
- ? The outstanding parking fines and penalties balance continues to increase.

Cause:

- ? Management has not made collections as high of a priority as needed.

Recommendations:

1. We recommend that the Parking Collections Unit establish a formal delinquent parking fines and penalties collection program including the use of an automated case tracking system. City management should evaluate the internal resources necessary to operate a successful collections program and consider soliciting the services of a collection agency to further enhance their efforts.
2. We recommend that Parking Enforcement, working with the City Attorney’s Office and through consultation with other cities, should study the possibility of implementing an auto booting and towing program to help collect on outstanding parking fines and penalties



Management’s Plan of Action:

Finance & Business Services: Agree with the above recommendations. An additional collections officer has been budgeted for fiscal year 2001 and employment began on August 17, 2000. Furthermore, the City is also soliciting bids from collection agencies in connection with EMS bad debts. The EMS RFP will serve as a reference for another RFP that will consolidate various other departments that need collection services—which would include parking collections. Finance will work with IT on the use of an automated case tracking system. An investigation of commercial-off-the-shelf and in-house solutions will be conducted.

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Detention & Enforcement:

1. A survey is being prepared by Parking Enforcement to mail to parking enforcement units in other cities. Included in the survey are questions to identify which agencies currently have auto-booting programs. Once these agencies are identified, they will be contacted directly for in-depth information on their booting programs.
2. Once the above information has been compiled, Parking Enforcement personnel will develop a proposal for an auto boot program for adoption by the City of Las Vegas.
3. The auto boot proposal will then be submitted to the City Attorney for review and recommendations regarding possible ordinance changes to facilitate and streamline the process.
4. After review by the City Attorney, Parking Enforcement will develop ordinance revision proposals as necessary and submit for approval.
5. Using the survey results, Parking Enforcement will contact other municipalities responding to the survey. Enquires will be made on the brands used, cost, reliability, ease of use, etc.
6. At the same time, policy and procedure information from other agencies will be sought to determine how booting operations are conducted in other cities.
7. Parking Enforcement will contact auto boot manufactures for further product information, pricing and availability.
8. Once the proposed auto booting program has been approved at all levels, Parking Enforcement will prepare budget proposals for the purchase of auto boots and all related materials. When requests are approved, Parking Enforcement will prepare and submit purchase requests as necessary.
9. Using the policy and procedures obtained from other municipalities with successful booting programs, Parking Enforcement will develop written auto booting guidelines for incorporation into the Department of Detention and Enforcement's Field Services Policy and Procedures Manual.
10. Parking Enforcement then will be poised to implement the auto-booting program.
11. Parking Enforcement will consult with Information Technologies Department to identify the need for creating a "hotsheet" of offenders to be uploaded into hand-held devices. Parking Enforcement will provide the Information Technologies Department with any assistance and information necessary to develop a "hotsheet" program.
12. Parking Enforcement, in coordination with the Department of Detention and Enforcement Public Information Officer, will contact the City of Las Vegas Communications Services Office to develop television and radio public service announcements, print media articles and other avenues to inform and educate the public on the auto booting program.

Timetable:

Finance & Business Services: The new collection officer started on August 17, 2000 and an RFP for collections will be initiated by February 1, 2001.

Detention & Enforcement: A plan of action will be submitted by August 10, 2000 to the Deputy Chief with a targeted completion date of August 10, 2001.

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2. Citation Dismissals

Criteria: Dismissals of parking fines and penalties should be justifiable.

Condition: The Parking Collections Unit dismisses overtime meter citations issued while individuals are in Municipal Court, Justice Court, District Court, Federal Court, or at the work card office. During 1999, over 11,500 citations issued to Municipal Court patrons were dismissed. These dismissals represent approximately 9% of all parking citations written during 1999. Conservatively estimating five minutes of labor time per citation (including writing of citation, approving dismissal, and deleting citation), over 950 labor hours or 24 forty-hour weeks were spent during 1999 processing these dismissed citations. In addition, considering each of the dismissed citations carries a fine of \$20, the City lost approximately \$230,000 in potential revenues associated with these citations (excluding consideration of the 50% reduction available if a citation is paid within 15 days). Considering these estimates do not include all dismissals, actual wasted labor hours and lost revenues relating to dismissals are much higher.

Effect:

- ? As a result of this practice, revenues are lost, valuable labor time is wasted, and opportunities for abuse of the system are created.
- ? Citizens attending the courts or the work card office who responsibly pay for meter time without knowing that overtime meter citations are automatically dismissed are essentially penalized.

Cause:

- ? Management has not fully considered the costs of this practice.

Recommendation:

1. The City should discontinue the automatic dismissals of parking citations issued to individuals attending court or applying for a work card. This change in practice should be communicated to the public through parking lot signs, correspondence, and television. Also, wording could be added to citations alerting the public that they are responsible for their own parking when coming to court and that any parking citations received while in court are their responsibility.

Management's Plan of Action:

Finance & Business Services: The non-waiver of fines, with respect to Municipal and Justice Courts, was implemented on June 17, 2000. Signs have been posted in the Collections office (Manpower building), the Municipal Court, and other various locations in and around City Hall informing the public that automatic dismissals of citations for those attending court would no longer occur. Parking Enforcement will recalibrate parking meters that are located near Metro's work card issuance center from one hour to two hours. This additional time should allow

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sufficient time for the customer to receive a work card. The Finance department will work with Enforcement to change the wording on the citations in order to reflect the change in policy.

Timetable:

Finance & Business Services: Policy implemented on June 17, 2000. The language on the citations will be changed when more stock is reordered. Recalibrating meters by December 1, 2000.

3. Early Fine Payment Reduction Program

Criteria: The financial benefits to an organization of offering an early payment reduction program to its customers should exceed related costs. Any accidental overpayments made in conjunction with an early payment reduction program should be refunded in a timely manner.

Condition: All parking fines owed to the City that are the result of expired meters, posted time limits, or certain prohibited hour violations are reduced 50% if paid within 15 calendar days of the issuance of the fine. The fine for these violations is \$20, which is reduced to \$10 if paid within 15 days. Late payment penalties are assessed for payments made after 30 days.

Out of the approximately 107,000 parking citations issued in 1999 that were eligible for the 50% reduction program, 31,860 were paid in full within 15 days, 10,277 were paid in full within 30 days, and the remaining were either paid thereafter, dismissed, or are still outstanding. Assuming all those individuals who paid off their parking citations within 15 days would have paid off their parking citations within 30 days without the early payment reduction program, the cost of the program to the City in 1999 was approximately \$319,000 less a minimal amount of earned interest on the payments received.

While the early payment reduction policy is noted on each citation, many people mistakenly mail in the full amount of the fine despite their payment being made within 15 calendar days. While the parking system identifies overpayments, the Parking Collections Unit is not typically able to identify who actually made the payment (i.e., car owner, friend or relative of car owner) as mailed payments are processed through a bank lockbox. Overpayments are periodically applied to other outstanding fines of individuals where applicable and are refunded if specifically requested by an individual. However, many overpayments are never refunded. As of April 2000, there were approximately \$680,000 in overpayments that have never been applied to other cases or refunded.

Effect:

- ? The financial cost to the City of the early pay reduction program exceeds the financial benefits of the program.
- ? Revenues that could be used to enhance City programs are not being collected.
- ? The outstanding balance of overpayments from the public continues to increase.

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Cause:

- ? The financial cost in relation to the financial benefits of the early payment reduction program to the City does not appear to have been adequately evaluated.
- ? City management has not adequately addressed how to refund overpayments made in conjunction with the early payment reduction program.

Recommendations:

1. The City should eliminate the 50% early payment reduction program. This change will increase parking revenues and reduce overpayments made by the public. The current penalties that are assessed for fines not paid within thirty days and subsequently forty-five days should be sufficient motivation for timely payment of a fine.
2. City management should study how to appropriately handle the existing \$680,000 in overpayments made by the public.

Management's Plan of Action:

Finance & Business Services:

1. Agree. Finance will work with the City Attorneys office and Enforcement to change the ordinance that would eliminate the early payment reduction program.
2. Finance will attempt to identify the individual owners of recent overpayments (3 years old to the most recent) and issue a refund. Possible methods to notify individuals could be made through newspaper ads and/or advertising on the City's television channel. However, overpayments older than three years of age will be written off because these records no longer exist due the record retention policy for destruction.

Detention & Enforcement: The wording on the citation will be changed to reflect the ordinance change.

Timetable:

Finance & Business Services: Dependent on action of the City Attorney's office due to ordinance revisions.

Detention & Enforcement: New citations will be utilized when the new ordinance becomes effective.

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4. Reconciliation of Meter Coins Collected

Criteria: Cash deposits recorded by the bank should be reconciled monthly to internal cash deposit records.

Condition: In 1999, the City collected approximately \$790,000 from its parking meters. The City does not reconcile meter coin deposit amounts on the monthly bank statement to an internal record of actual meter coins collected and deposited as this information is not currently available. However, this information recently became accessible with the new digital parking meters. These new meters internally record revenue data that can be captured through an “electronic audit” using a special hand-held device.



Effect:

- ? The City cannot verify the accuracy of the meter coin deposits recorded by the bank.
- ? Opportunity for theft by the bank’s coin counters exists.

Cause:

- ? Until recently, City personnel did not have the capability to identify the amount of the meter coins collected without counting the coins themselves (which proved to be too labor intensive).

Recommendations:

1. Parking Enforcement should electronically capture meter revenue data that can be reconciled to the monthly bank statements in conjunction with the collection of meter coins.
2. The Accounting Division should reconcile the meter coin deposits recorded on the bank statement on a monthly basis to meter revenue data captured by Parking Enforcement.
3. Parking Enforcement should summarize the electronically captured meter revenue data in a report that can be forwarded to management involved with parking issues.

Management’s Plan of Action:

Detention & Enforcement: An update to the Autocytes (the hand held computers) will be acquired which will give Enforcement the capability of capturing meter data, as well as, enabling an audit to be completed on each meter at the time the coin is collected.

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Parking Enforcement will contact and arrange with the managers of the McCarran International Airport and University of Nevada Las Vegas parking programs and opportunity for unit personnel to view their meter audit and collection procedures.

Information gathered from the electronic meters is now being utilized for reporting purposes. With the ongoing installation of 900 new meters, the electronic technology shall continue to be used to determine rate structures, proper meter locations, etc.

As the electronic parking meter technology is relatively new to the City of Las Vegas, the Parking Enforcement meter repair technician, who is responsible for this task, is still undergoing formal and on-the-job training regarding the report generating capabilities of the devices. Once the technician achieves proficiency, reports will be generated and forwarded to those city departments requiring such information.

Finance & Business Services: After the updates to the Autocytes have been obtained, an interface will be created from the electronically captured meter revenue. This file will interface directly to the G/L. The Accounting Division will reconcile the meter coin deposits recorded on the bank statement on a monthly basis to the amounts recorded in the G/L.

If, on reconciliation, the Accounting Division noted differences, they will notify Parking Enforcement and the Treasury of the discrepancies. The meter repair technician would then inspect all associated equipment and meter(s) to insure proper function. If malfunction(s) are noted, repairs would be made and the meter(s) again audited. If no malfunctions were observed, then Parking Enforcement would advise the Department of Detention and Enforcement Investigations Section and request further investigation.

Timetable:

Detention & Enforcement: Process will begin when updates to the Autocytes are obtained.

Finance & Business Services: Same as response from Detention & Enforcement.

5. Meter Coin Collections

Criteria: Proper manpower management requires the efficient use of personnel to accomplish assigned workloads and the assignment of tasks to personnel that are commensurate with their training and expertise.

Condition: Parking Enforcement oversees the collection of coins from the City parking meters. While meter coin collections have been the responsibility of Parking Enforcement for many years, we question whether this revenue collection function should continue to be the responsibility of a code enforcement unit. With over 900 more parking meters to be installed in the near future (bringing the total City parking meters to over 2,300), coin collection will take increasingly more of Parking Enforcement's time and reduce available time for enforcement.

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Also, considering the collection of coins does not require the education and experience of a parking enforcement officer, the City could experience savings by assigning this function to an employee at a lower grade classification than an enforcement officer or possibly by outsourcing the function.

Effect:

- ? A trained parking enforcement officer is spending time on the tedious and labor-intensive task of collecting coins from meters.

Cause:

- ? The alternatives to having an enforcement officer collect meter coins have not been fully considered by management.

Recommendations:

1. Management should consider transferring oversight responsibility for meter coin collections to another City Department (possibly to Finance and Business Services) to allow Parking Enforcement to focus their time and efforts on enforcement issues.
2. Management should consider hiring an employee at a lower grade than that of a parking officer to perform meter coin collections. Alternatively, management should consider the cost effectiveness of outsourcing the coin collection function.

Management's Plan of Action:

Detention & Enforcement: An RFP to consider the cost effectiveness of outsourcing the coin collection function will be initiated.

Timetable:

Detention & Enforcement: February 1, 2001

6. Parking System Limitations

Criteria: Computer systems should enable users to perform their tasks efficiently and effectively.

Condition:

- ? The Parking Collections Unit is currently using a legacy mainframe system for its parking citation case management system. Certain screens within the parking system have limitations that create inefficiencies in processing transactions. For example, Parking Office staff cannot bring up a single screen that lists all of the outstanding parking citations of an

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individual. In addition, Parking Office staff cannot print a summary of citations and actions taken on citations by a hearing officer, but must instead print out actions taken on each individual citation separately. Also, the system requires the use of many cumbersome action codes that identify the nature of each transaction. While efforts to improve the parking system through moving it to a Windows environment were begun, the project was put on hold until the City finished creating a cash receipting module. Once the cash receipting module is complete, the Parking Collections Unit will need to decide how to proceed in updating the parking system.

- ? The parking system does not automatically record the change due to customers on transaction receipts. This information must be manually written by the clerks on each transaction receipt. Without the amount of change due automatically being generated on each receipt, there is the potential risk of an employee short changing a customer. In addition, subsequent research and audits of transactions are more challenging.
- ? Parking Collections Unit personnel are not able to reference parking citation case records by transaction receipt numbers for lookup and research.
- ? The printers being used by the Parking Collections Unit are old and slow. The slow printing of receipts for individuals following a judgment by a hearing officer creates delays in the hearings process.

Effect:

- ? Inefficiencies and delays in processing transactions and serving customers.
- ? Risk of theft by employees.

Cause:

- ? Adequate resources have not been dedicated to the needed improvements in the parking system.

Recommendations:

1. The Parking Collections Unit, working with IT, should continue efforts to move the parking system to a Windows environment.
2. Parking should work with IT to develop transaction receipts that automatically include the change due to a customer on the receipt. A sign should be posted in the lobby of the Parking Hearings and Citation Office that encourages customers to request a receipt if they are not given one. The Parking Collections Unit should also work with IT to develop the capability of accessing parking case records by transaction receipt numbers.
3. Parking Collections Unit printers should be upgraded to improve the efficiency of operations and customer service.

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Management's Plan of Action:

Finance & Business Services:

1. & 2. Agree. Per Information Technologies, commercial-off-the-shelf Parking applications are available. A feasibility study, and resulting requirements analysis and RFP will be investigated to address these issues.
3. Agree with recommendation. Will work with the IT Department in converting current workstations to Winframe terminals with laser printers.

Timetable:

Finance & Business Services:

1. & 2. Once feasibility study is conducted and the RFP is investigated.
3. November 1, 2000

7. System Access and Data Change Controls

Criteria: A good system of internal controls includes, but is not limited to, 1) proper system access and data change controls to prevent unauthorized access to the system and its data, and 2) supervisory review and approval of significant and unusual transactions.

Condition:

- ? While unique user passwords are required to access the parking system and all screens therein, Parking Collections Unit personnel are not required to periodically change their passwords.
- ? System access logs are not currently generated for periodic review of unauthorized access attempts by Parking Collections Unit management.
- ? Supervisory approval is not required for staff prior to voiding a transaction.
- ? There is no supervisory review of each day's sequentially numbered transaction receipt copies to ensure that all receipts have been accounted for.
- ? A parking system audit trail report is generated daily. However, the report is not reviewed by a supervisor or manager for unusual or unauthorized activity.

Effect:

- ? Opportunities exist for unauthorized changes and deletions to the parking records.
- ? Opportunities for employee theft exist.

Cause:

- ? Management has not fully considered or addressed the loss exposure that exists with the current parking system and operational practices.

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Recommendations:

1. Parking Collections Unit personnel should be required to periodically change their personal access passwords to the parking system. If possible, users should automatically be prompted by the system at specified intervals to change their passwords.
2. System access logs should be created and reviewed periodically by Parking Collections Unit management for unusual access attempts.
3. Transaction voids should be communicated to and approved by a supervisor prior to processing by Collections Unit staff.
4. The Parking Collections Unit supervisor should review each day's sequentially numbered transaction receipt copies for missing ones to reduce the risk of theft or unauthorized voids and/or dismissals by employees. The Parking Collections Unit should work with IT to develop a report that lists daily transactions by transaction receipt number. Actual transaction receipt copies could then be compared to the daily transaction receipt report.
5. Parking Collections Unit management should take measures to closely monitor the transactions processed by parking personnel through a daily review of the audit trail report for significant or unusual transactions. Special attention should be paid to dismissals and waivers.

Management's Plan of Action:

Finance & Business Services:

1. We will coordinate with IT to develop time-lines and deliverables to review the capabilities of the operating systems and corresponding applications, and evaluate implementations strategies.
2. See response #1.
3. A policy will be drafted stating that VOIDS are to be approved by a supervisor or his/her designee.
4. A Senior Office Specialist will review the sequentially numbered receipts to ensure that missing receipts are detected and subsequently investigated. IT also noted that a report that lists daily transactions should be included in the requirements analysis for a replacement application.
5. As of August 16, 2000 the Treasurer's office will review and monitor the audit trail report for significant or unusual transactions.

Timetable:

Finance & Business Services: November 1, 2000.

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8. Security of Parking Citations and Hearings Office

Criteria: Security at City facilities should be sufficient to protect City employees and assets.

Condition: The following security issues were identified at the Parking Citations and Hearings Office:

- ? The glass separating the City staff accepting payments from the public is not bullet proof.
- ? There is currently no video surveillance system installed in the lobby or hearings office.
- ? While a panic button is available to call City marshals, a marshal or security guard is not present during parking hearings.
- ? The door leading back to the office and hearings area is an older wood door with a combination lock system that is often left unlocked.

Effect:

- ? Past threats from the public have caused the staff and hearing officers to question their safety.
- ? One of the hearing officers has felt threatened at times and may have been more lenient in her judgment than she might otherwise have been with a marshal or security officer present.

Cause:

- ? Lack of response by management to security issues raised by staff and hearing officers.

Recommendation:

1. We recommend that management perform a physical security examination of the Parking Citations and Hearings Office and a cost/benefit analysis of making the following security improvements:
 - a. Installation of bullet-proof glass at the front counter windows.
 - b. Installation of a video surveillance system in the lobby and the hearings office.
 - c. Assignment of a City marshal or security guard at parking hearings.
 - d. Installation of security doors with employee access card readers.

Management's Plan of Action:

Finance & Business Services: Agree with the recommendation. The Parking Collections Unit will ask the Department of Detention and Enforcement to conduct a security analysis of the work area and building.

Timetable:

Finance & Business Services: Will meet with Detention and Enforcement on security issues by November 1, 2000.

9. Parking Planning, Coordination, and Oversight

Criteria: Significant development projects are currently taking place downtown that will affect the future traffic flow and parking availability. In addition, significant development is taking place outside of the downtown area. Several City departments/divisions, as well as the elected officials, are involved in addressing parking issues. Considering the many parking issues confronting the City, as well as the various parties involved, planning for the future will require vision, coordination, and communication.

Condition:

- ? As evidenced from the issues identified during our audit, as well as through discussions with City management, additional internal coordination and communication is needed between all parties involved in addressing parking issues. In addition, the roles and responsibilities of these parties in addressing parking issues must be better defined.
- ? No formal strategic plan exists for the City's parking.
- ? Current management parking activity reports are deficient. Additional information on enforcement activity, meter activity, parking fines and penalties, hearing activity, and collection efforts is needed in these reports to enable City management to make proper and sound decisions. In addition, the reports are not being distributed to all parties in need of the information.
- ? The Parking Collections Unit is currently an operational unit of the Office of Business Development. The functions performed by the Parking Collections Unit (i.e., cash collections, customer service regarding parking citations, oversight of parking hearings) do not align with the functions of the Office of Business Development. The Unit would be more appropriately placed under the direction of a City department with expertise, experience, and involvement in payment processing and collection issues.

Effect:

- ? Confusion exists with certain individuals as to their roles and responsibilities in addressing parking issues.
- ? Certain parking issues are not being adequately addressed.
- ? Information for management on parking issues is inadequate.

Cause:

- ? Lack of a formal parking strategic plan and centralized oversight.

Recommendations:

1. Management should more clearly define the roles, responsibilities, lines of communication, and authority of current City personnel, departments, and committees in addressing parking

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issues. Consideration should be given to creating a parking committee with representatives from City departments involved in parking issues.

2. Management should develop a formal strategic plan for addressing parking issues in the City.
3. Improved monthly internal reports should be created that effectively communicate parking information to all City divisions involved in parking issues. Input on what data to include in these reports should be sought from all parties involved. Distribution of these reports should be expanded to include all parties involved in parking decisions.
4. The City Manager should position the Parking Collections Unit under the direction of another City department whose functions more closely align with the functions of its operations (i.e., Finance and Business Services). Consideration should be given to creating a collections division or assigning an individual to oversee and coordinate all collection efforts of the City.

Management's Plan of Action:

City Manager's Office:

1. & 2. We concur with the auditor's concern. Up until now, the problem has been largely non-existent since we had very little parking involvement outside of Detention and Enforcement. With the addition of at least three new garages comprising 1,800 new spaces, and the increased role of parking downtown, there is a need to create a central parking administrative function. Management is currently considering the most logical location for this function within the organization.
4. Separately, we concur with the positioning of the Parking Collections Unit in Finance and Business Services and have made that move.

Finance & Business Services:

3. Agree with recommendation. Will establish a formal parking quarterly report that will parallel the City's current Quarterly Revenue Report and Investment Report. This new report will be user friendly and will incorporate multiple years of trend analysis in both the financial and non financial areas.
4. Oversight of the Parking Collections Unit was transferred to the City's Treasury Division of the Department of Finance and Business Services on July 24, 2000.

Timetable:

Finance & Business Services:

3. Will plan for a draft report for 2nd quarter ending December 31, 2000, by February 15, 2001.
4. Completed on July 24, 2000.

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10. Handicap Parking Violation Dismissals

Criteria: City Ordinance 11.52.135 states the following:

*A person shall not park a vehicle in a space designated for the handicapped by a sign that meets the requirements of Subsection (A), whether on public or privately owned property, unless he is eligible to do so **and** the vehicle displays:*

- (1) Special license plates for a handicapped person;*
- (2) A parking permit for a handicapped person; or*
- (3) An officially recognized emblem issued by this State or another jurisdiction indicating that the driver or a passenger in the vehicle is eligible.*



Condition:

- ? Handicap placards for Nevada residents are issued by Nevada's Department of Motor Vehicles and Public Safety. The Parking Collections Unit does not currently have the means by which to determine if a person is the authorized holder of a handicap placard. Handicap space violations are automatically dismissed if a person presents a current placard, regardless of whether or not the person is the authorized owner.
- ? An individual who is eligible to park in a handicap space who neglects to display their placard is still in violation of the municipal code. However, this violation is dismissed automatically by the Parking Collections Unit upon presentation of a current handicap placard.

Effect:

- ? Opportunities for abuse of the handicap placard program exist.
- ? No penalty is assessed for persons who neglect to display a handicap placard when parked in a handicap space.

Cause:

- ? Management has not fully investigated the availability of handicap placard holder data from the State.
- ? Leniency towards handicap placard holders.

Recommendations:

1. The Parking Collections Unit should request access to the records of authorized holders of Nevada handicap placards from the State and use this information to verify whether an individual is the authorized holder of a handicap placard prior to dismissing a handicap space violation.

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2. The Parking Collections Unit should consider charging an administrative fee (possibly \$5-\$10) to individuals with a valid handicap placard who neglect to display their placard and are issued a citation.

Management's Plan of Action:

Finance & Business Services:

1. A request for access to State records will be made which will enable the City to verify the proper owner of the placard before dismissing the citation.
2. Parking Collections will work with the City Attorneys office to change or create an ordinance allowing for an administrative fee to be charged. Staff suggests this include City employees as well as the handicapped.

Timetable: Finance & Business Services: November 1, 2000

11. Handicap Space Violation Fines And Penalties

Criteria: City Ordinance 11.10.170 provides for fines for illegally parking in a handicap space of “one hundred dollars for a first offense, two hundred fifty dollars for a second offense and no less than two hundred fifty, but no more than one thousand dollars for a third and subsequent offense (as provided for by NRS 484.408).”

Condition: The City, along with many other Nevada municipalities and counties, is not currently assessing the escalating fines allowed for in the handicap space ordinance and the NRS due to the following factors:

- ? Parking enforcement officers and others issuing parking citations have no way of identifying multiple handicap space offenders. Accordingly, the fine assessed for handicap space violations is always \$100.
- ? There is no statewide coordinated effort to share information on handicap space violators.
- ? With citations being issued to vehicles rather than persons, there are questions as to whether the number of offenses should be based on the number of citations issued to a single vehicle or on the number of citations issued to a specific person.



In 1999, if the City had charged escalating fines for multiple handicap space offenses as allowed for under the municipal code and NRS, the City could have assessed an additional \$73,000 in fines to multiple offenders. Considering many of these offenders had most likely been cited for handicap space violations prior to 1999, the additional fines that could have been assessed is likely much higher. In addition to not assessing escalating fines, the City does not assess any late payment penalties for handicap space citations as is done with other parking fines.

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Effect:

- ? Fines and late penalties that could be used to enhance City programs are not being assessed.

Cause:

- ? Lack of information available to identify multiple handicap space violation offenders.
- ? Lack of understanding by City management on how to properly enforce the handicap space ordinance.

Recommendations:

1. City management should study this issue and seek clarification from the State on how to appropriately enforce City Ordinance 11.10.170 and NRS 484.408 and consider assessing escalating fines for repeat handicap space violators within the City.
2. The City should begin assessing late payment penalties for handicap space violators similar to those penalties currently being assessed for other violations.

Management's Plan of Action:

Finance & Business Services: With the changes to NRS 484.408, that went into effect on October 1, 1999 making the infraction a misdemeanor, the whole issue of disabled parking will be investigated and appropriate steps taken in line with current guidelines, policy, and NRS.

Timetable:

Finance & Business Services: January 1, 2001

12. Parking Collections Unit Policies And Procedures

Criteria: Good internal control policies dictate that all relevant policies and procedures be documented, routinely updated, clearly communicated to users, and readily available.

Condition:

- ? The Parking Collections Unit has several policy and procedure manuals that address cash handling, front counter practices, and the proper handling of telephone calls. While various internal policy memos have been filed with the policy and procedure manuals, the manuals have not been updated since 1996.
- ? The "Parking Administrative Adjudication Program Manual" used by hearing officers was last updated in 1998.

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Effect:

- ? Identification of the most current policies and procedures of the Parking Collections Unit is challenging.
- ? Training of new employees is more difficult than it would be with current manuals.

Cause:

- ? Routine updating of policy and procedure manuals has not been a priority of management.

Recommendations:

1. The Parking Collections Unit should routinely update all of its policy and procedure manuals, as well as the Parking Administrative Adjudication Program Manual.
2. Policy and procedure manuals should be made available on-line for access by employees and management.

Management's Plan of Action:

Finance & Business Services:

1. Agree. Parking collections will review its policy and procedures manuals, as well as, the Parking Administrative Adjudication Program Manual and make needed changes. Updates of the policy and procedures manuals will take place as changes in policies, ordinances, and technology occur.
2. The manuals will be made available on-line.

Timetable:

Finance & Business Services:

1. As changes are needed.
2. January 1, 2001

13. Document Retention Standards

Criteria: A good system of internal controls includes maintaining documents in an organized manner and following a formal document retention and disposition program.

Condition: The Parking Collections Unit has accumulated many documents over the years (i.e., citations paid through the lockbox, various parking status reports, copies of transaction receipts, hearing files) that it is storing both on-site and off-site. Certain stored documents are unorganized and difficult to access. The Parking Collections Unit recently created a records

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retention and disposition schedule that has been submitted to the City's Records Management Committee for review and approval.

Effect:

- ? Certain stored documents are difficult to access.
- ? Certain stored documents that may no longer be required to be retained are being stored and taking up limited space.

Cause:

- ? Document retention standards have not until recently been clearly defined.

Recommendation:

1. On approval of its retention and disposition schedule by the Records Management Committee, the Parking Collections Unit should do a thorough review of all stored documents and dispose of all those that can be appropriately disposed of. The remaining documents should be organized for easy identification for future reference or disposal.

Management's Plan of Action:

Finance & Business Services: A thorough review was conducted of all stored documents and a list of documents (dating back to 1994 through 1996) to be destroyed was submitted to the City Clerk's Office. On May 15, 2000, these records were approved to be destroyed under the interim destruction procedures.

Timetable:

Finance & Business Services: The records that were approved to be destroyed under the interim rules will take place by November 1, 2000.

14. Parking Hearings

Criteria: The quality of customer service can often be improved through the use of automation. Quality customer service includes preparedness for dealing with non-English speaking customers.

Condition:

- ? In 1999, over 6,100 parking hearings were scheduled. Appointments for parking hearings are scheduled by Parking Collections Unit personnel using a manual log of hearing times. On scheduling a hearing, the hearing date and time are input into the parking system and paperwork is manually completed using information already in the system.

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- ? In scheduling hearings over the phone or at the front counter, the Parking Collections Unit staff attempt to identify individuals with difficulty speaking English and inquire as to whether they will need an interpreter during the hearing. However, individuals who do not speak English periodically appear for a parking hearing without having previously informed the staff of this language limitation. As the staff have limited foreign language skills, they must periodically call upon certain City employees from other departments with the required foreign language skills at a moments notice to facilitate communication at a parking hearing. These employees are not always available without prior notice.
- ? Prior to a parking hearing, individuals must complete and sign several documents including the "Hearing Officer Request" form. This form is an agreement that binds individuals to the decision by the hearing officer and the measures the City can take if a civil judgment is obtained. This form is currently only available in English and does not include a space in which a person can identify the need for an interpreter.

Effect:

- ? Duplicate recording of information by staff in preparation for parking hearings.
- ? Delays and frustration for hearing officers.
- ? Non-English (typically Spanish) speaking individuals periodically sign forms without fully understanding what they are agreeing to.

Cause:

- ? The benefits of automating the hearing scheduling system have not been fully considered.
- ? The needs of non-English speaking individuals have not been fully considered.

Recommendations:

1. The Parking Collections Unit should work with IT in automating the hearings scheduling process as currently exists in the Municipal Court. Reports for hearings should automatically be generated from the parking system.
2. The Parking Collections Unit should consider scheduling parking hearings for individuals needing an interpreter during an established window of time (based on consultation with the interpreters) and give sufficient advance notice to the interpreters. The Parking Collections Unit should also consider hiring hearing officers who are bilingual.
3. The Parking Collections Unit should print the "Hearing Officer Request" form in both English and Spanish to ensure that individuals are aware of what they are agreeing to by signing the form and add a section on the "Hearing Officer Request" form where individuals can request that an interpreter be present during their hearing.

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Management's Action Plan:

Finance & Business Services:

1. Agree. IT will be contacted to discuss software that would automate the hearing scheduling process.
2. A window of time will be established for those individuals that need an interpreter with sufficient notice to the interpreter. A bilingual employee has been hired to assist at the collection window and to assist the hearing officers.
3. On September 18, 2000, a double-sided copy of the "Hearing Officer Request" was printed (in Spanish and English) and is available to all Spanish speaking customers. A sentence will be added giving the individual the option of having an interpreter present.

Timetable:

Finance & Business Services:

1. Contingent on schedule of Information Technologies Department.
2. August 21, 2000
3. September 18, 2000

15. Installment Program Fees

Criteria: Administrative fees or interest are typically charged to customers who are extended credit by an organization.

Condition: Individuals with outstanding parking fines and penalties can elect to pay them off in monthly installments (typically required to be paid off within a year). As of April 2000, over 3,600 outstanding citations with a value of approximately \$514,000 (fines and penalties) are being paid through installment plans. The installment agreement states that the program is "offered as a courtesy" with no fee required despite the costs and risks associated with such a program. The City is essentially extending free credit to individuals who have violated parking ordinances. This is in contrast to the Municipal Court that requires a \$25 fee to participate in an installment program.

Effect:

- ? This practice inappropriately encourages participation in the installment program.
- ? The costs associated with extending credit are not being recovered.

Cause:

- ? The costs and risks associated with the installment program have not been fully considered.

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Recommendation:

1. The Parking Collections Unit should begin charging an administrative fee to participate in the parking installment program.

Management's Plan of Action:

Finance & Business Services: Finance & Business Services will initiate either an ordinance change, or a policy change (depending on what is required), to charge an administrative fee to participate in the parking installment program. Included in the ordinance will be a fee structure.

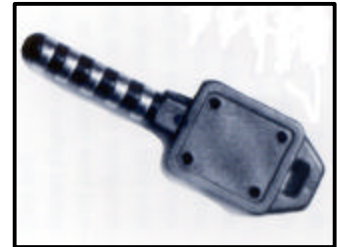
Timetable:

Finance & Business Services: December 1, 2000

16. Cash Key Marketing

Criteria: Creative and focused marketing is required for the success of new public programs.

Condition: The new digital parking meters allow the use of a cash key for payment for parking meter time as an alternative to coins. Purchased credits are automatically deducted from the cash key each time it is inserted into a meter. Cash keys and credits can currently only be purchased at the Parking Citations and Hearings Office and there has been limited marketing of the program. The cash key program, if successful, will create pre-paid meter revenues for the City and reduce the amount of coins required to be collected.



Effect:

- ? Cash key sales are slow.

Cause:

- ? The cash key program is in its infancy.
- ? Limited marketing of program to date.

Recommendations:

1. Parking Enforcement and the Parking Collections Unit should identify creative methods to market the cash key program with a focus on the anticipated users.
2. The Parking Collections Unit should consider periodically selling cash keys at locations where potential users may be found (i.e., new Federal Courthouse, office buildings, bank branches, traffic school, Municipal Court).

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Management's Plan of Action:

Detention & Enforcement: Parking Enforcement is currently in contact with the City's Communications Services Office to find ways to promote the cash key program marketing. Some of the ideas being developed are:

- Additional airtime on the City's television station devoted to this program.
- Research is being conducted regarding the placing of flyers in utility bills.
- Consideration is being given to possibly placing an information distribution point at the new federal courthouse when it opens.

Finance & Business Services: Parking collections will sell cash keys on the 3rd floor of City Hall on a trial basis. Research will have to be done on selling cash keys at non-City sites. An incentive program, possibly a discount, will also be considered.

Timetable:

Detention & Enforcement: Expected completion September 30, 2000

Finance & Business Services: November 1, 2000

17. Public Notices

Criteria: Posted public notices and information should be well organized and easily accessed by the public.

Condition: The Parking Citations and Hearings Office has various public notices and information on sheets of paper haphazardly posted on the walls of the lobby. These notices include information regarding fees, violations, parking hearings, and procedures to follow in paying parking fines.



Effect:

- ? Lobby has a cluttered appearance.
- ? Information and policies are not easily accessible to the public.

Cause:

- ? The benefits of improved organization of information in the lobby of the Parking Citations and Hearings Office have not been fully considered.

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Recommendation:

1. The Parking Collection Unit should improve the organization and presentation of the information posted in its lobby. Ideas to consider include the following:
 - ? Single topic policy and procedure signs (i.e., payment policy, process to schedule a hearing, how to obtain a temporary handicap permit, how to purchase a cash key, penalty assessment schedules, hearing hours) could be created for display in the lobby.
 - ? A glass covered bulletin board case could be placed in the lobby for posting of information.

Management's Plan of Action:

Finance & Business Services: Agree. Parking Collections will reorganize and strive for a more user-friendly lobby by installing easier to read signs that are organized in a professional manner. Will contact graphics to discuss printing of new signs.

Timetable:

Finance & Business Services: December 1, 2000

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c: Mayor
City Council
City Manager's Office
Audit Committee
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